

ASX:KRE

14 November 2011

**Kimberley Rare Earths Limited**  
ABN 20 147 678 779

**Directors**

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Tim Dobson – Managing Director  
Allan Trench – NED  
Gerry Kaczmarek – NED  
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**Capital Structure**

125.6m shares  
6.0m 25c, 2014 unlisted options  
2.5m 30c, 2014 unlisted options

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## KRE PROJECTS UPDATE

### KEY POINTS

- **RC drilling program at Cummins Range completed for 2011.**
- **Drill assays expected to be completed by late November/ early December.**
- **Metallurgical samples en-route to laboratory.**
- **Malilongue Project (Mozambique) legal due diligence due for completion mid-December.**

KRE is pleased to provide an update of activities on its Cummins Range (WA) and Malilongue (Mozambique) projects:

### CUMMINS RANGE (Western Australia)

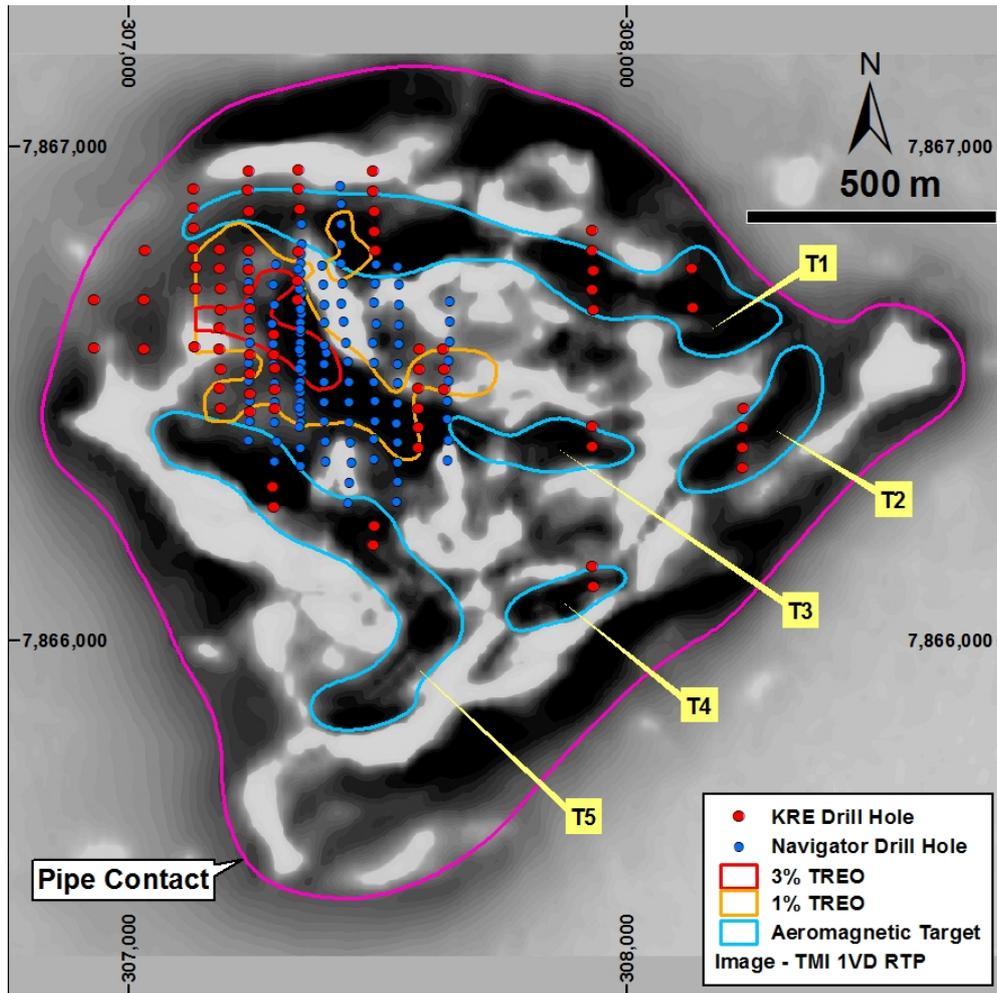
Field activities at Cummins Range are currently being wound up for 2011 due to the onset of the northern wet season including regular thunderstorms and scrub fires.

### RC Drilling

Following the successful completion of the suite of geophysical and geochemical activities carried out at the Cummins Range rare earths project between August and September, an RC drilling program was carried out between 10<sup>th</sup> September and 18<sup>th</sup> October. A total of 4,230 metres of drilling was completed in 77 holes designed to commence the upgrade of the existing Inferred Resource to Indicated status and to explore for extensions to known mineralisation.

Each of the five high priority aeromagnetic targets T1 to T5 (see ASX announcement dated 25<sup>th</sup> August 2011) defined previously within the Cummins Range pipe were subjected to scout drill tests. Drill sites were selected by combining the gravity and geochemical data to prioritise the more prospective zones within the five aeromagnetic targets.





**FIGURE 1 – Drilling completed by KRE at Cummins Range**

Difficult drilling conditions including binding clays, voids and water flow in several holes curtailed a component of the planned drilling resulting in a reduced program over the central resource area. Such ground conditions are characteristic of the most strongly mineralized zones of the Cummins Range rare earth resource.



**FIGURE 2 – Drilling operation at Cummins Range**



**FIGURE 3 – Radiation Safety Officer completing baseline studies at Cummins Range**

### **Assays**

All RC drill samples (one metre splits) have now been received by the laboratory and initial analytical results are expected shortly with final completion of all analyses due by late November/ early December. Results will be released to the market when they become available.

### **Metallurgical testwork**

RC drilling samples are currently en-route to AMMTEC in Adelaide for a flotation testwork program that has been designed, and will be supervised, by Kwan Wong (specialist oxide and rare earths flotation metallurgist).

**MALILONGUE PROJECT (Mozambique)**

On 29 September 2011, the Company announced that it had entered into a Heads of Agreement (“HoA”) with Great Western Mining Lda to secure an option over the Malilongue rare earths project. The exercise of the option is subject to the completion of satisfactory legal due diligence and both parties have entered into a deed of variation to the HoA to allow this to be finalised by mid December 2011.

**About Kimberley Rare Earths**

Kimberley Rare Earths Limited listed on the Australian Securities Exchange (ASX:KRE) on 18 May 2011, having raised \$18.2m under an oversubscribed Initial Public Offering.

KRE is a specialist rare earths company and holds a 25% interest in the Cummins Range Project in Western Australia. KRE has the right to earn up to 80% of the project by funding exploration and development through to delivery of a bankable feasibility study. KRE’s first target is to spend \$10m within four years to increase its interest to 55%. The Cummins Range project comprises 1 granted exploration license (80/2232) in the East Kimberley within which is contained a JORC compliant Inferred Resource of 4.17 Mt at 1.72% TREO (total rare earth oxide), 11.0% P2O5 and 187 ppm U3O8 (using a 1% TREO cut off). The Cummins Range project is one of only a few Australian rare earths projects with a Resource reported under the JORC Code.

KRE has also signed a Heads of Agreement to earn up to a 90% interest in a pegmatite-hosted rare earth project in Mozambique with significant exploration potential, including for xenotime-hosted yttrium, dysprosium and erbium.

**Competent Person Statement**

*Information in this ASX release that relates to exploration or exploration results is based on information compiled by Mr. Geoff Collis, who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australian Code for Reporting of Mineral Resources and Ore Reserves”. Mr Collis consents to the inclusion of these estimates in the form and context in which they appear.*

Glossary

<b>Aeromagnetic</b>	Airborne geophysical technique where the intensity of the earth's magnetic field is measured in a systematic way.
<b>Alluvium</b>	Loose unconsolidated soil or sediment eroded and deposited by water.
<b>Carbonatites</b>	Intrusive igneous rocks with a composition of greater than 50% carbonate minerals.
<b>Diamond Drilling</b>	(or <b>Core Drilling</b> ) A drilling technique which uses a diamond-set drill bit to produce a cylindrical core of rock.
<b>Eluvium</b>	Loose unconsolidated soil or sediment deposited under gravitational weathering and accumulation processes.
<b>HREO</b>	Heavy rare earth oxides. The oxides of the 9 heavy rare earth elements Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu).
<b>LREO</b>	Light rare earth oxides. The oxides of the 5 light rare earth elements; Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), Samarium (Sm). Note, excludes Promethium (Pm) due to its transient (radioactive) nature.
<b>Pegmatite</b>	A very coarse grained igneous intrusive rock composed predominantly of quartz, feldspar and mica.
<b>Pipe</b>	Cylindrical intrusion of younger igneous rocks into an older geological terrain.
<b>ppm</b>	Parts per million by weight (10,000ppm equals 1.00%).
<b>Pyroxenite</b>	Ultramafic igneous rock comprising predominantly minerals of the pyroxene group.
<b>RAB</b>	Rotary air blast, a cost-effective drilling technique used to sample weathered rock.
<b>RC</b>	Reverse circulation, a drilling technique that is used to return uncontaminated pulverised rock samples through a central annulus inside the drill pipes. RC samples can be used in industry-standard Mineral Resource statements.
<b>REO</b>	The oxides of the 14 rare earth elements; Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), Samarium (Sm), Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu) plus Yttrium (Y) but excluding Promethium (Pm).
<b>TREO</b>	The sum total of the 14 rare earth oxides, Lanthanum to Lutetium plus Yttrium as defined above under <b>REO</b> .
<b>Xenotime</b>	A rare earth phosphate mineral comprising predominantly yttrium phosphate (YPO <sub>4</sub> ). Dysprosium, erbium and terbium can substitute for yttrium.